

Message Text

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PAGE 01 STATE 247151
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TAGS: ECON,SP, US

SUBJECT: REPORT OF THE JOINT ECONOMIC COMMITTEE

1. THE FOLLOWING IS THE DEPARTMENT'S PROPOSED REPORT OF
THE OCTOBER 4 MEETING OF THE JOINT ECONOMIC COMMITTEE:

QUOTE: THE JOINT ECONOMIC COMMITTEE MET ON JANUARY 4, 1978
IN WASHINGTON, D.C., AND AGAIN ON SEPTEMBER 14, IN THE SAME
CITY. TOPICS PERTAINING TO THE JOINT COMMITTEE'S RESPONSIBILITIES
WERE ALSO DISCUSSED AT THE APRIL 10 MEETING OF THE US-SPANISH
COUNCIL, WHICH MET IN MADRID AT THE LEVEL OF PERMANENT
REPRESENTATIVES. IN THE INTERVALS BETWEEN THESE FORMAL
MEETINGS, ECONOMIC AFFAIRS OF MUTUAL INTEREST HAVE BEEN
DEALT WITH THROUGH VARIOUS BILATERAL CONTACTS.

THE JOINT ECONOMIC COMMITTEE REPORTED THAT SUBSTANTIAL
PROGRESS WAS ACHIEVED IN THE AREAS OF QUOTAS ON SPECIALTY
STEELS, AND THAT CLOSE CONSULTATIONS HAVE BEEN CARRIED OUT
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UNCLASSIFIED

PAGE 02 STATE 247151

ON COUNTERVAILING DUTIES, FISHERIES, AND NORTH/SOUTH
ECONOMIC ISSUES.

BOTH PARTIES EXPRESSED THEIR SATISFACTION OVER THE PROGRESS
ACHIEVED IN THE ESTABLISHMENT OF A SEPARATE QUOTA FOR
EXPORTS OF SPANISH STAINLESS STEEL BARS TO THE UNITED STATES,
ALTHOUGH SPAIN WOULD WELCOME THE ELIMINATION IN THE NEAR

FUTURE OF THE QUANTITATIVE RESTRICTIONS ON THESE PRODUCTS.
THESE RESTRICTIONS WILL BE REMOVED IN JUNE 1979.

AFTER EXTENSIVE CONSULTATIONS AND EXCHANGE OF INFORMATION, COUNTERVAILING DUTIES ON SPANISH EXPORTS OF FOOTWEAR, OLIVES, AND ZINC WERE REDUCED ON JUNE 15, 1978. THE SPANISH SIDE REGISTERED ITS CONCERN AS A RESULT OF THE RECENT US DECISION TO REVIEW THE PRINCIPLES FOR THESE REDUCTIONS AND MAINTAINS THAT THE REVERSAL OF THE JUNE DECISION COULD SERIOUSLY AFFECT SPANISH EXPORTS. DISCUSSIONS ARE ALSO IN PROGRESS AS REGARDS DUTIES EITHER IN PLACE OR PROPOSED ON IRON AND STEEL CHAINS, VITAMIN K AND OLEO-RESINS, AND THE SPANISH SIDE EXPRESSED ITS CONCERN ON THEIR RESULT. THE US SIDE EXPRESSED ITS CONFIDENCE THAT A PROMPT DECISION ON THE MATTER WILL BE FORTHCOMING BY THEIR AUTHORITIES, STATING THAT THEY FULLY UNDERSTOOD THE SPANISH POSITION AND THAT THIS REVIEW DOES NOT PREJUDGE THE EVENTUAL DECISION ON THE APPROPRIATE COUNTERVAILING DUTIES FOR SPANISH PRODUCTS AND, IN ANY EVENT, THE DUTIES WILL NOT RISE TO THE PRE-JUNE 1978 LEVELS.

THE US DELEGATION URGED SPAIN TO TABLE AN OFFER IN THE MTN. THE US SIDE NOTED THAT IT IS AWAITING FURTHER INFORMATION REGARDING THE REMOVAL OF RESTRICTIONS ON DOMESTIC SALES OF SOYBEAN OIL IN ORDER TO MAINTAIN ITS MTN OFFER ON OLIVES. THE SPANISH DELEGATION REPLIED THAT SPAIN WILL PROVIDE AN UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 247151

ANSWER TO THE OFFER IN GENEVA.

STILL UNDER DISCUSSION ARE THE SPANISH REQUESTS FOR EXPANDED FISHING OPPORTUNITIES WITHIN THE US 200-MILE FISHERIES CONSERVATION ZONE, AND MORE FLEXIBILITY IN THE FOREIGN FISHING REGULATIONS. THE SPANISH DELEGATION STRESSED ITS DESIRE FOR RELAXED BYCATCH RESTRICTIONS AND INCREASED EFFECTIVE FISHING AREAS AND SEASONS. THE DELEGATION ALSO HOPED THAT A METHOD TO PREVENT GEAR CONFLICTS WITHOUT THE NECESSITY OF A TWO-MILE RADIUS SECURITY ZONE AROUND THE US LOBSTER POTS COULD BE DEVELOPED FOR 1979. THE SPANISH DELEGATION PRESENTED A MEMORANDUM WITH ITS REQUESTS, INCLUDING A REQUEST THAT THE LOLIGO (WINTER) SQUID FISHERY REALLOCATIONS FOR 1978 BE MADE AS SOON AS POSSIBLE.

THE US DELEGATION REITERATED ITS DESIRE TO RENEW DISCUSSIONS ON UTILIZING SPANISH EXPERTISE TO DEVELOP A MARKET FOR US-CAUGHT SQUID, WHEN THE SPANISH UNDERSECRETARY FOR FISHERIES VISITS WASHINGTON IN LATE OCTOBER.

THE SPANISH AUTHORITIES ARE CONCERNED OVER THE FALL IN THE EXTERNAL VALUE OF THE US DOLLAR. THE SPANISH VIEW IS THAT

IF THIS TREND CONTINUES, IT COULD HAVE UNFAVORABLE CONSE-

QUENCES ON SPAIN'S FOREIGN TRADE AND CORRESPONDING REPERCUSSIONS FOR THE SPANISH ECONOMY. THE US SIDE DESCRIBED THE MEASURES BEING TAKEN BY THE USG TO STRENGTHEN THE DOLLAR. IT ALSO EXPRESSED ITS SATISFACTION THAT ITS ECONOMY HAS CONTINUED TO GROW AT A SUFFICIENT RATE TO PROVIDE AN EXPANDING MARKET FOR SPANISH EXPORTS.

THE US SIDE EXPRESSED ITS DESIRE THAT THE SPANISH AUTHORITIES WILL INTERPRET NEW BANKING LEGISLATION IN SUCH A WAY AS TO MINIMIZE THE DISCRIMINATION AGAINST FOREIGN COMMERCIAL BANKS. END QUOTE.

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PAGE 04 STATE 247151

2. THE SPANISH HAVE ALREADY CLEARED A DRAFT WHICH IS ESSENTIALLY THE SAME, EXCEPT FOR SOME MODIFICATIONS IN THE LANGUAGE USED BY THE US SIDE.

3. THE EMBASSY IS REQUESTED TO SECURE ASAP GOS APPROVAL OF THE ABOVE TEXT. CHRISTOPHER

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